

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 EB-07 AID-05 OPIC-03 TRSE-00 OMB-01

CIEP-01 CIAE-00 INR-07 NSAE-00 ITC-01 SP-02 SS-15

/053 W

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R 111402Z FEB 76

FM AMEMBASSY LIMA

TO SECSTATE WASHDC 8781

INFO AMEMBASSY BOGOTA

AMEMBASSY CARACAS

AMEMBASSY LA PAZ

AMEMBASSY QUITO

AMEMBASSY SANTIAGO

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E.O. 11652: N/A

TAGS: ECIN, ETRD

SUBJECT: ANDEAN PACT: SENIOR OFFICIAL COMMENTS ON DEVELOP-
MENTS

REF: LIMA 0919

1. DURING RECENT MEETING WITH DR. JAVIER SILVA RUETE,
SECRETARY-DIRECTOR OF JUNTA SECRETARIAT, DCM AND ECON
COUNSELOR HAD OPPORTUNITY DISCUSS CURRENT ANDEAN PACT
DEVELOPMENTS.

2. SILVA RUETE, AN INTELLIGENT AND ENERGETIC PERUVIAN
WHO WAS MINISTER OF AGRICULTURE UNDER EX-PRESIDENT BELAUNDE,
EXPRESSED RATHER OPTIMISTIC VIEWS ON POSSIBLE SOLUTIONS
OUTSTANDING PROBLEMS, MAKING FOLLOWING POINTS:

A. COMMON MINIMUM EXTERNAL TARIFFS (CMXT). WITH
POSSIBLE EXCEPTION OF CHILE, PACT NATIONS ARE IN GENERAL
AGREEMENT ON NEED FOR ADOPTION CMXT WITHIN 18 MONTHS.

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IT IS UNFORTUNATE THAT MORE PROGRESS WAS NOT MADE DURING

1975, BUT PROSPECTS ARE BRIGHTER THAN USUALLY BELIEVED
FOR REAL PROGRESS IN CMXT THIS YEAR.

B. SECTORAL AGREEMENTS. LATE ARRIVAL OF VENEZUELA
ON SCENE AND OTHER PROBLEMS HAVE SLOWED DOWN PROGRESS ON
SECTORAL AGREEMENTS, WITH AUTOMOTIVE SECTOR PERHAPS THE
MOST PRESSING. SIGNIFICANT ECONOMIES OF SCALE CAN BE
ACHIEVED WITHIN THE PACT FOLLOWING SOLUTION TO THIS SEC-
TORAL PROBLEM.

C. SELECTION OF JUNTA, OTHER POSTS. MOST LIKELY
TRADE-OFFS WOULD PUT BOLIVIAN, PERUVIAN, AND VENEZUELAN ON JUNTA,
WITH CHILEAN AS SECRETARY-DIRECTOR (POST SILVA RUETE HOLDS),
COLOMBIAN AS CAF HEAD, AND ECUADOREAN IN NEW JOB AS CAF
VICE PRESIDENT. FINAL SELECTION OF THESE KEY PERSONNEL IS
NOT URGENT, AS INCUMBENTS COULD STAY ON INTO MARCH AFTER
PRESENT MANDATE EXPIRES ON FEBRUARY 29.

D. DECISION 24. HERE, AGAIN, CHILE IS THE MAJOR
PROBLEM, WITH ITS PRESSURES FOR SPECIAL TREATMENT IN CON-
NECTION WITH CHILE'S DESIRE FOR EXTENSIVE FOREIGN PRIVATE
DIRECT INVESTMENT TO REVIVE CHILEAN INDUSTRY. WHILE HOPEFUL
OF PROGRESS HERE, SILVA RUETE WAS, INDIRECTLY AT LEAST,
QUITE CRITICAL OF CHILE'S POSITION.

3. COMMENTS:

A. UNILATERAL TARIFF REDUCTIONS BY CHILE AS REPORTED
SANTIAGO 1029 WILL FURTHER COMPLICATE JUNTA'S CURRENT
EFFORTS (LIMA 0837) TO ACHIEVE CONSENSUS ON THIS
PROBLEM;

B. WE THINK SILVA RUETE DOWN-PLAYED SERIOUS PROBLEMS
IN SECTORAL AGREEMENTS DISCUSSIONS, IN WHICH PROGRESS HAS
BEEN VERY SLOW;

C. COMMENTS ON ALLOCATION OF TOP ANDEAN PACT POSTS
ARE THE SAME AS WE HAD HEARD AND REPORTED BEFORE (LIMA 0147)
SUGGESTING THAT A CONSENSUS HAS BEEN REACHED ON THIS
ISSUE, THOUGH QUESTION WHICH INDIVIDUALS TO BE NAMED NOT
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FULLY RESOLVED--E.G. SILVA RUETE IS BEING RUMORED AS TAK-
ING PERUVIAN SLOT ON JUNTA, BUT THIS BY NO MEANS CONFIRMED;

D. DECISION 24 WILL BE CRITICAL ISSUE DURING JUNTA'S
TOUR (LIMA 0837, BOGOTA 1418, SANTIAGO 1029), AND CHILE'S FLEXIBILITY
OR
LACK OF IT ON THIS ISSUE IS A KEY FACTOR.
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